

"Work and Family Act" **Welfare Reform Proposal**

Senators Bayh, Carper, Graham, Lieberman, Clinton, Miller, Carnahan, Ben Nelson and Bill Nelson
An Outline for TANF Reauthorization

Requiring Work & Providing Supports

Increase Work Participation Rates to 70% by 2007: The TANF work participation rate for single-parent families started at 35% in 1996 and is now at 50%. The work participation rate serves as the only result-oriented measure in TANF required by the Federal Government. The focus on work should continue and states should be expected to increase their work participation rate incrementally to 70% by 2007.

Provide Additional Funding for Child Care: Provides an additional \$8 billion over five years in mandatory child care funding to the Child Care Development Block Grant to help low-income families find quality care for their children and eliminate the biggest barrier stopping single mothers from re-entering the workforce. In addition, the Social Services Block Grant is restored to \$2.8 billion. States utilize these funds for child care and transportation.

Require Welfare Recipients to Work a Full Time Work Week: Under current law, single parent families are required to work 30 hours, and two-parent families are required to work 35 hour weeks. The proposal will raise the work week to 40 hours (full-time engagement) for TANF recipients. The work requirements will be contingent upon the availability of adequate child care funding (detailed below). In addition, an incentive will be provided if the individual is working 40 hours with at least 24 hours of core work.

Replace Caseload Reduction Credit: The current caseload reduction credit, used to lower the states' work participation rates, is criticized for encouraging states to remove individuals off the rolls but not to necessarily find recipients sustainable employment. Therefore, the caseload reduction credit should be replaced with credits targeted at moving people to work and avoiding cash assistance. The credits include partial credit for placing non-custodial parents in work and collecting child support, providing child care and transportation assistance to those working, individuals participating in higher education for at least 20 hours, and those working part-time (at least 15 hours of core work activities). These credits collectively are capped at 15%. In addition, credit is provided for moving welfare recipients to work, bonus credit is provided if the recipient is placed in a higher paying job (defined as 50% of the state's average wage) and states can obtain credit for increasing their child support collection on behalf of current and former TANF recipients.

Allow Recipients to Address Work Hurdles for Three Months Without Penalizing the State. In order to allow states flexibility, a recipient can address a work hurdle such as substance abuse, domestic violence, depression, or mental health issues for 3 months within a 24 month period without counting in the state's caseload for the purposes of calculating the work participation rate.

Expansion of Vocational Training and Education: States would be allowed to count up to half the individuals participating in vocational education and training to do so for 24 months. In order to be eligible for the 24-month period, states would need to certify that the individual was working towards a degree or certificate. The current law limiting the participants to 30% of the caseload is retained.

Create Competitive Grant for Public/Private Partnerships for Educational Opportunities: TANF recipients who are working should have the opportunity for upward mobility in their employment. In order to encourage public-private partnerships to provide educational opportunities for recipients, funds will be provided for programs that provide community college access for recipients who demonstrate a commitment to work. In addition, funding will be provided for the "Parents as Scholars" program that has already been implemented in states such as Maine and Arkansas.

Set Equal Work Goals for Single and Two-Parent Families: Bayh/Carper levels the playing field for single and two-parent families by asking states to meet the same work-participation requirements for each. Under current law, states must ensure that 90% of two-parent families and only 50% of single-parent families be engaged in some form of work activity.

Fund Transitional Jobs: Transitional Jobs programs place workers in short-term, subsidized jobs that combine on-the-job work experience with an array of support services to help participants overcome their barriers to employment and transition into unsubsidized jobs. Most transitional jobs programs combine 20 hours of work per week with additional hours of substance abuse treatment, language skills training, or other barrier removal activities. Participants are still eligible for work supports, such as child care, Medicaid and Food Stamps.

Inclusion of Health Care as Critical Work Support

Traditional Medical Assistance (TMA) is a critical support that strengthens incentives for welfare recipients to go to work and remain employed without losing health insurance coverage. Under TMA, most of those who leave welfare for work - and whose earning would otherwise make them ineligible for Medicaid - may continue to get transitional health care coverage for up to a year longer. This bill includes the extension of the Transitional Medical Assistance for one year and Senator Clinton is supporting legislation to extend it for the full five years.

Strengthening Families

Promote Responsible Fatherhood and Stable Families: The 1996 welfare reform law focused much of its attention on custodial parents (usually mothers). The next generation of welfare reform must also include an emphasis on non-custodial parents (usually fathers). Senator Bayh's Responsible Fatherhood Act, designed to promote responsible fatherhood and married, two-parent families, is incorporated into The Work and Family Act in order to: authorize \$50 million for states to provide support to state and local governments, nonprofit, charitable, and religious organizations' efforts to promote responsible fatherhood; a \$25 million Challenge Grant program to encourage states and communities to solicit free air time from broadcasters to promote responsible fatherhood, and; provide \$2 million per year to establish a National Clearinghouse to assist states and communities in their efforts to promote and support responsible fatherhood.

Part of the fatherhood and non-custodial parents program in the legislation will provide additional funds for demonstration programs to conduct policy reviews and provide recommendations for low-income men in a coordinated fashion among the justice system, TANF system, child care enforcement agencies, and employment programs.

Require Non-Custodial Parents to Pay Child Support or Face Consequences: The bill provides funds for programs - already implemented in some counties - that encourage child support payments and work by providing non-custodial parents the option of either going through a court-supervised employment program or being found in contempt of court (for non-compliance with the child support order). A solid example of this approach is Gulf Coast Jewish Family Services in Clearwater, Florida. States will be given funds to implement court-supervised employment programs and employment support services so that noncustodial parents, including ex-offenders, will pay child support and avoid jail.

Prevent Teen Pregnancy: As a nation, we should commit ourselves to reducing teen pregnancy by at least 25% over the next ten years. Although teen pregnancy rates continue to decline in a majority of states, it continues to be a major cause of poverty in America, and rate increases were experienced in 11 states and nationally among Hispanic teens. States will be provided with grants to implement teen pregnancy prevention programs that are proven to be effective. Additional funds will be provided as an incentive for states to achieve a minimum of a 2.5% annual decrease in teen birth rates. In addition, funding for a clearinghouse that will provide resources and media consultation will be provided.

Encourage Child Support Payments: States would be allowed to pass-through child support directly to families currently or formerly on TANF. In addition, the bill also relieves states of their obligation to repay the Federal government its share of the collections it allows to be passed through. If a state gives up its share of the payment, the federal government will give up its share too.

Improve Child Support Enforcement Measures: Establishes demonstration projects to give certain local, public agencies involved in the collection of child support greater access to several enforcement tools; Creates a GAO study on the collection efforts and practices of private child support collection agencies; Lowers from \$5,000 to \$2,500 the amount of child support arrears needed to trigger a current-law provision on suspending an individual's passport; and permits the use of the federal tax refund offset to collect child support arrears after a child has turned 18 years of age.

Encourage Cooperation Between Child Support Enforcement and Related Agencies: the Bayh/Carper bill will fund demonstration projects for states to create innovative efforts to increase child support collection. Child Support enforcement agencies should test ways to coordinate with the justice department, employment communities, hospitals and other stakeholders to establish methods to reach out to men in the beginning of the process and prevent nonpayment of child support.

Ban Discrimination Against Two-Parent Families: A number of states have policies that provide a disincentive for marriage, such as the 100-hour rule that eliminates TANF assistance for two-parent families where one parent works more than 100 hours a month, and the seven to thirty day waiting period that applies exclusively to two-parent families seeking TANF assistance. Bayh/Carper restricts states from imposing these anti-marriage requirements unless the state passes a law to do so.

Restore Benefits for Legal Immigrants: Each state would have the option to cover legal immigrant parents and children (who meet eligibility requirements) with TANF dollars and services. Supplemental funds will be provided to states impacted by this provision. In addition, states would have the option to provide Medicaid and SCHIP to otherwise legal immigrant children and pregnant women who entered the United States after August 22, 1996. Accountability measures will be added under both provisions to ensure that legal immigrants who receive benefits and their sponsors are in compliance with their sponsorship agreements and affidavits of support.

Flexibility & Resources

Restore Contingency Fund to Help Recession-Proof TANF: The contingency fund was allowed to expire last year. There was general agreement that the fund had triggers and requirements that would make it difficult for states access funds in a time of need. The bill will revise the triggers and make the fund more accessible for states.

Maintain the TANF Block Grant: The bill will maintain the block grant at \$16.5 billion per year because the caseload has been reduced by 50 percent since 1996, and less than half of TANF and MOE spending is for cash assistance.

Restore Funding for Social Services Block Grant (SSBG): This provision will restore the original funding level for the SSBG to \$2.8 billion by 2007. The SSBG is used by states to provide a variety of services including providing child-care to low-income families.

Credit States for Spending On All Four Purposes of TANF: Currently, state dollars spent on teen pregnancy prevention and the formation and maintenance of two-parent families cannot count toward state "Maintenance of Effort" (MOE) requirements. This may discourage states from spending state funds on some of the more family oriented goals in TANF. States should be given the flexibility necessary to spend their MOE funds effectively.

Replace Current Bonus Funds: The two bonus funds, the illegitimacy bonus (reduction in out-of-wedlock births) and the high performance bonus in TANF have not been effective in impacting how states

spend their funds. This \$300 million per year can be better utilized by creating grants to prevent teen pregnancy and create additional work initiatives.

Restore Supplemental Grants: Reduces the disparity between states in TANF funding which are a result of the basic TANF funding formula enacted in 1996.

Provide funding for Pathway Grants: These grants would be utilized by states to improve the coordination of support programs for low-income families and non-custodial parents. States would be required to conduct assessments of their regional labor markets and identify industries or occupations that need workers and compare industry job seekers needs with the job preparation infrastructure.

Worker Protections and Accountability: Under current law, four anti-discrimination statutes apply to activities funded by TANF: the Age Discrimination Act of 1975; Section 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Fair Labor Standards Act, and Title VI of the Civil Rights Act of 1964. This bill requires a GAO review of how states have complied with the requirements of these laws and make recommendations for improving compliance. HHS is also required to issue a "best practices" guide for states in complying with these laws in TANF. The bill also includes strong statutory language to ensure that TANF funds are not used to displace public employees. Specifically, this bill will ensure that states comply with the minimum wage under the Fair Labor and Standards Act when implementing welfare programs.